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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - FEBRUARY 8, 2007

¶1. The following are brief items of interest compiled by Embassy Minsk.

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##### International Relations

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#### ¶2. Belarusian, Ukrainian Vice Premiers Hold Energy Talks

On February 7, Belarus' Deputy Prime Minister Vladimir Semashko met with his Ukrainian counterpart, Andriy Klyuyev, in Kyiv to discuss draft agreements on energy cooperation. During the consultations, Belarusian Ambassador to Ukraine Valentin Vyalichka announced that Belarus seeks to boost Ukrainian electricity imports to 3.5 billion kilowatt-hours in 2007 from Ukraine's Rivne nuclear power plant via

the distribution substation in Mikashevichy.

### 13. Ukraine Appoints New Ambassador to Belarus

On February 6, independent media reported that Ukraine had appointed Igor Likhovvy as the new Ambassador to Belarus. Most recently, he served as Minister of Culture and Tourism between October 2005 and November 2006. Mr. Likhovvy will replace former Ambassador Valentine Nalivaichenko.

### 14. Venezuela to Open Embassy in Belarus

On February 5, state and independent media reported on Venezuela's plans to open an embassy in Belarus during the first quarter of 2007. Venezuelan Charge de Affaires to Belarus Ameriko Diaz Nunez noted that the Venezuelan government considers cooperation with Belarus to be "strategic" and that both Belarus and Venezuela are interested in building a multi-polar world.

### 15. Final Demarcation of Belarusian-Lithuanian Border

On February 2, the GOB announced that Belarusian and Lithuanian border guards are verifying final documents for border demarcation. Upon verification, experts will seal them with official stamps, agree and sign Belarusian and Lithuanian language versions, and exchange electronic versions. The demarcated border is 680 km long.

## ----- Domestic Opposition -----

### 16. Next Democratic Congress Planned for March 17-18

On February 1, the majority of the opposition coalition's Political Council (PC) members voted to hold another congress on March 17-18 and called for a mass demonstration on March 25 to celebrate the 89th anniversary of the Belarusian National Republic. Former presidential candidate Aleksandr Milinkevich, who apparently did not participate in the PC vote on setting the date for the congress, had earlier stated that he did not comprehend the purpose of the event. Milinkevich also argued that the opposition should first formulate a common platform that would be "more or less clear to voters."

### 17. Mass Arrests of Opposition Youth Activists in Minsk

On February 5, Belarusian police arrested 27 members of the "Malady Front" (MF) opposition youth organization. Most arrests occurred during an MF central committee meeting in a private apartment. After conducting searches of several MF members' homes, authorities released all those detained except MF leaders Oleg Korban and Dmitry Fedaruk, who remained in BKGB custody until late on February 7. Korban and Fedaruk face charges of acting on behalf of an unregistered organization under article 193-1 of the Belarusian Criminal Code. This article carries a fine or a prison sentence of up to two years.

### 18. Pressure on Belarus' Independent Media Increased in 2006

On February 5, independent media publicized a report by the U.S.-based Committee to Protect Journalists (CPJ) that described GOB increased pressure on independent media in Belarus during 2006. According to CPJ, pressure was particularly strong during the presidential campaign when authorities arrested dozens of Belarusian and foreign journalists. Moreover, authorities denied independent media virtually any opportunity to reach their audiences and private newspapers were barred from using state controlled distribution systems.

## ----- International Trade and Investment -----

### 19. Iranian Executive in Minsk to Discuss MTZ Plant

On February 7, Iranian Ambassador to Belarus Abdolhamid Fekri announced that Iran's Gonabad company top executive would visit

Belarus during the following week to discuss the construction of a Minsk Tractor Works assembly plant in Iran. Predicting that Belarusian-Iranian business would continue to grow, Fekri also expressed hope that Belarusian-assembled Samands, Iran's version of a Peugeot, would be sold not only in but also exported from Belarus and noted that a delegation of Belarusian banking executives is currently seeking similar cooperation in Iran.

#### ¶10. Horizont, China's Midea Joint Enterprise in Belarus

On February 2, Belarusian appliance manufacturer Horizont Deputy Director General Gennadiy Ozarov announced that Horizont and Chinese Midea Holding Company would establish a joint enterprise to manufacture household equipment and appliances. The enterprise is expected to start operation in the first quarter of 2007 at Horizont's branch in the northeastern Vitebsk region, where Horizont currently produces microwave ovens. The joint enterprise will be registered as a resident of the Vitebsk Free Economic Zone (FEZ). According to Ozarov, FEZ registration was one of the main conditions of the joint enterprise agreement. Founded in 1950, Horizont is said to be the largest television manufacturer in the Commonwealth of Independent States, but also makes DVD players, radio sets, microwave ovens, and cable television equipment. In 2006, Horizont reportedly sold 320,000 product units, up 15 percent from 2005.

#### ----- Domestic Economy -----

#### ¶11. GOB To Apply for World Bank Loan for Nuclear Plant

On February 5, Belarusian Academy of Sciences Chairman Mikhail Myasnikovich announced that Belarus might apply for a World Bank loan to finance nuclear plant construction as a key element of the country's energy reform. The GOB plans to construct two 1,000 MW nuclear units at Krasnopolyanskaya by 2013 and 2015. The units will reportedly cost Belarus USD 2.5 to 3 billion. Earlier this year, President Lukashenko instructed the government to expedite construction, use Belarusian equipment whenever possible, and evaluate technical assistance proposals from Russia, France and Germany.

#### ¶12. GOB Hikes Domestic Oil Transit Fees

On February 5, state and independent press reported that Belarus' Ministry of Economics issued a decree to increase average domestic oil transit fees from USD 0.41 to USD 0.60 per ton per 100 kilometers, which would increase GOB revenues by USD 50 million. The higher fees are comparable with those in Russia but are still significantly lower than in other neighboring countries. Belarus' state-owned Druzhba oil transportation company operates two major pipelines running through the Gomel and Novopolotsk regions that transport oil to Ukraine, Poland, Hungary, Slovakia, Czech Republic.

#### ----- Society -----

#### ¶13. GOB To Appoint Private University Rectors

On February 2, independent media reported that the GOB had authorized the education minister to appoint rectors of private institutions of higher learning. Belarusian House of Representatives' Standing committee on Education, Culture, Science and Scientific Technological Progress Chair Vladimir Zdanovich declared the decision to be final and without debate.

#### ¶14. Almost 300,000 in Belarusian Rehab Centers

On February 2, Belarusian Health Ministry's Chief Addiction Officer Vladimir Maksimchuk reported that 296,039 people in Belarus are currently registered at the country's drug and alcohol abuse treatment centers. Registered addicts increased in number by four percent in 2006, with the number of minors (under 18 years old) rising by five percent and that of women by 15.6 percent. According to Maksimchuk, among those registered, more than 6,000 were drug addicts. Maksimchuk claimed that more than 45,000 alcoholics became

sober in the last five years. In 2006, approximately 110,000 people were admitted to hospital for alcohol intoxication and more than 3,000 people died of alcohol intoxication or alcohol-caused accident. Meanwhile, suicides committed under the influence of alcohol numbered almost 3,000. According to Belarus' Ministry of Statistics and Analysis, 2006 per-capita sales of alcoholic beverages exceeded 2005 sales by 10 percent.

#### ¶15. U.S.-Supported Rehabilitation Center Sits Idle

On February 3, independent media reported that a rehabilitation center at a hospital in the eastern Gomel region currently remains inactive. The center reportedly requires an additional USD 46,700 to purchase ventilation equipment and complete connections to the local sewer system. By June 2005, the center had received USD 190,000 for equipment and renovations from the United States European Command's Humanitarian Assistance Program. The center was to offer various types of treatment currently unavailable in the town.

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QUOTE OF THE WEEK  
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¶16. On February 7, vowing that Belarus would set out on a "civilized" path, President Lukashenko warned Europe to cooperate with Minsk or face the following consequences:

"You should understand that you will have to cooperate with us unless you want to have tension in your home and create a territory similar to Chechnya."

Stewart